

Statement of Fred Upton, Republican Leader
Subcommittee on Energy Hearing
“Modernizing the Natural Gas Act to Ensure it Works for Everyone”
February 5, 2020
As Prepared for Delivery

Thank you, Mr. Chairman, for holding today’s hearing to examine the role of natural gas in our economy and the Federal Energy Regulatory Commission’s (FERC) responsibilities under the Natural Gas Act.

Pipelines are the safest, most efficient way to move energy long distances, and they are vital to our nation’s economy. Over 2.7 million miles of energy pipelines crisscross the nation already, and the need for safe and reliable energy infrastructure continues to grow.

Natural gas is an abundant resource across the U.S., and new discoveries and extraction methods – thanks to hydraulic fracturing and directional drilling – have led to a dramatic rise in domestic production.

America is now the world’s leading producer of natural gas, and we are reaping the benefits. Our economy is stronger, the shale boom has created millions of jobs, we are more energy secure, and natural gas

is helping to reduce carbon emissions both at home and abroad. In Michigan, we've cut our emissions by over 25 percent in the last decade as

The Natural Gas Act is the principal federal law that regulates the sale and transportation of natural gas in interstate commerce. While the natural gas industry has undergone remarkable changes over the decades since its passage in 1938, the law has withstood the test of time and remains sound.

Through the passage of the Natural Gas Act and its amendments, Congress recognized the need to establish a framework to encourage competition within the natural gas industry, protect consumers from monopoly pricing, and promote interstate commerce. As a result, pipelines today are subject to significant Federal oversight and regulations.

Under the Natural Gas Act, FERC has jurisdiction over virtually all aspects of interstate pipeline operations. Before a pipeline is constructed, FERC must conduct a rigorous environmental review and

issue a certificate that finds the pipeline “necessary in the public interest.”

FERC also has the obligation to ensure that consumers are protected and that rates charged for interstate pipeline services are “just and reasonable.”

FERC has ample authority under current law to require prospective changes in the rates charged by a pipeline company when it can be demonstrated that the rates are no longer just and reasonable. For example, following the passage of the Tax Cuts and Jobs Act, FERC required all 129 jurisdictional gas pipelines to make informational filings, and many operators ended up lowering their rates for customers.

FERC’s regulatory oversight extends beyond pipeline siting and rates. If a pipeline operator wants to shut down a pipeline facility that is uneconomic, they must seek permission and approval from FERC in order to protect consumers from service interruptions and rate increases.

Despite the fact that pipelines are the safest, most efficient form of transportation, and despite the fact that natural gas is helping to reduce

CO₂ emissions across our economy, it has become increasingly difficult and costly to make it through the FERC siting process.

Pipeline opponents are challenging projects at virtually every turn, using every tool to delay or block pipeline projects. States are getting more involved too, by delaying or withholding Clean Water Act permits. Increasingly, the courts are being asked to adjudicate these cases, which could have broad implications for the Natural Gas Act.

FERC, to its credit, seems to be doing what it can to make informed and careful decisions. Just last week, FERC issued a key decision clarifying what is the Congressional intent, that eminent domain authority under the Natural Gas Act applies to state land. To be clear, States do not have “veto” authority over rights-of-way on state lands when an interstate pipeline has been determined to be necessary and in the public interest. In a separate action, FERC created a new division to focus specifically on landowner issues and to be more responsive to the public.

It appears our current framework is working, but as we move forward, I will continue to remain open minded about what, if any, changes may be necessary to improve the Natural Gas Act.

Mr. Chairman, while I look forward to hearing from our witnesses today, I would be remiss not to mention that we have unfinished work to do reauthorize the Pipeline Safety Act. As you know, PHMSA's authorization expired in October and work on the reauthorization bill appears to have stalled. Members on this side of the aisle are eager to get that bill back on track and send it over to the Senate. Can we get a commitment to return to the Pipeline Safety bill before moving on to other energy bills?

With that, thank you. I yield back.